

Message Text

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PAGE 01 STATE 030089
ORIGIN ARA-14

INFO OCT-01 EUR-12 ISO-00 EB-08 AGRE-00 CIAE-00
COME-00 INR-07 LAB-04 NSAE-00 SP-02 STR-07
TRSE-00 FRB-01 OMB-01 L-03 ITC-01 SIG-02 MMO-04
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FM SECSTATE WASHDC
TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS
INFO AMEMBASSY LONDON
XMT AMEMBASSY NASSAU

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E.O. 11652: N/A

TAGS: OAS, ETRD, XA

SUBJECT: THE OAS AND SUGAR

REF: STATE 021877

1. ON JANUARY 31 THE OAS MEETING OF CONSULTATION ON SUGAR
FINALLY ADOPTED A DECLARATION CRITICAL OF THE US DECISION
TO SET A FIXED FEE OF 2.7 CENTS PER POUND ON SUGAR IMPORTS.
DECLARATION WAS ADOPTED BY CONSENSUS OF ALL MEMBERS
EXCEPT THE U.S. IT NOTES THE UPWARD TREND OF SUGAR PRICES
AND CONCLUDES THAT THE IMPORT FEE IS UNJUSTIFIED AND
QUOTE SERIOUSLY DETRIMENTAL TO THE ECONOMIES UNQUOTE OF OAS
SUGAR EXPORTERS. IT SAYS THAT THE FEE RAISES IMPORT COSTS
ABOVE THE SUPPORTED DOMESTIC PRICE OF 13.5 CENTS PER POUND,
AND THEREFORE REQUESTS THAT THE U.S. SUGAR MEASURES BE
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RESCINDED. WHILE ACKNOWLEDGING THAT IN THIS INSTANCE THE
U.S. CONSULTED IN THE OAS PRIOR TO SETTING THE FIXED IMPORT
FEE, IT STATES THAT QUOTE IT IS REGRETTABLE THAT THE U.S.
GOVERNMENT HAS NOT TAKEN INTO CONSIDERATION THE LATIN
AMERICAN POSITIONS UNQUOTE EXPRESSED IN THE CONSULTATIONS.

2. THE LATINS EXHIBITED A CERTAIN AMOUNT OF DISARRAY IN PRESENTING THEIR DECLARATION. AT A SESSION ON JANUARY 30

THE DRAFTERS OF THE DECLARATION PROCEEDED TO OFFER AMEND-

MENTS TO THEIR OWN DRAFT, NECESSITATING ANOTHER SESSION THE NEXT DAY WHEN EVEN MORE AMENDMENTS WERE OFFERED BY THOSE WHO HAD PREPARED THE DRAFT BEING CONSIDERED. THE FINAL VERSION IS LESS EXTREME THAN THE EARLIER VERSION, LESS AS A RESULT OF U.S. EFFORTS TO TONE IT DOWN THAN BECAUSE OF LATIN AND CARIBBEAN DISAGREEMENT WITH SOME OF THE MORE DRAMATIC CLAUSES. THE RESULT IS PERHAPS A LITTLE MORE BALANCED AND SERIOUS DECLARATION THAN IS OFTEN PRODUCED BY THE OAS IN SIMILAR CIRCUMSTANCES.

3. THE U.S. DELEGATE READ INTO THE RECORD PRESIDENT CARTER'S LETTER TRANSMITTING THE INTERNATIONAL SUGAR AGREEMENT TO THE SENATE, AS A STATEMENT OF OFFICIAL U.S. SUGAR POLICY.

4. THE DECLARATION ALSO REFERS TO PROTECTIONIST MEASURES AFFECTING BASIC PRODUCTS AND MANUFACTURED AND SEMI-MANUFACTURED GOODS. THE U.S. OBJECTED THAT THIS IS NOT GERMANE TO A DECLARATION ON SUGAR, AND THAT IT IS INACCURATE IN ANY CASE. ON FEBRUARY 3 THE AD HOC COMMITTEE ON TRADE POLICY MENTIONED REFTEL MET TO BEGIN LOOKING AT U.S. TRADE POLICY AS IT AFFECTS LATIN AMERICA. THIS UNCLASSIFIED

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EXERCISE WILL MORE CAREFULLY CONSIDER WHETHER IN FACT THE U.S. IS FOLLOWING PROTECTIONIST POLICIES AS SUGGESTED BY SOME OF THE LATINS. VANCE

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

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Draft Date: 04 feb 1978
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